

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3824 - HB 3806

February 22, 2010

SUMMARY OF BILL: Authorizes the Board of Claims to establish incentive programs for state departments, agencies and institutions, including public institutions of higher education, for the purpose of reducing liabilities to the Risk Management Fund (RMF).

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures –

\$382,900/FY11-12/Risk Management Fund
\$765,800/FY12-13/Risk Management Fund
\$1,148,700/FY13-14/Risk Management Fund
\$1,531,500/FY14-15/Risk Management Fund
\$1,914,400/FY15-16 and Subsequent Years/Risk Management Fund

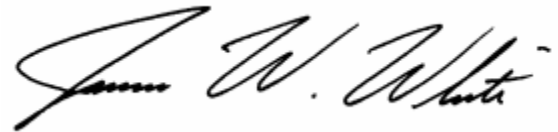
Assumptions:

- Incentive programs may include, but are not limited to, differential premium rates based on participation in loss control programs, increased or decreased deductibles based on participation in loss control programs, and the imposition of fines and penalties. Any such premiums, deductibles, fines, or penalties shall be paid from the budget of the respective department, agency or institution and deposited into the RMF.
- According to the Department of the Treasury, any savings resulting from incentive programs established during FY10-11 would be realized in FY11-12. The Department indicates savings of one percent in FY11-12; two percent in FY12-13; three percent in FY13-14; four percent in FY14-15; and five percent in FY15-16 and subsequent years.
- Based on information provided by the Department of the Treasury, the workers' compensation tort liability for FY10-11 is estimated to be \$38,288,700. This amount is assumed to remain constant in subsequent years under current law.
- The decrease to state expenditures from the RMF is estimated to be \$382,900 in FY11-12; \$765,800 in FY12-13; \$1,148,700 in FY13-14; \$1,531,500 in FY14-15; and \$1,914,400 in FY15-16 and subsequent years.

- According to the Department of the Treasury, any savings to the RMF would be allocated to the General Fund, federal government, and internal service funds based on the premium allocation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc